



National Aeronautics and
Space Administration
Washington, DC 20546

Procurement Notice

PN 04-62
July 8, 2011

NFS 1834, MAJOR SYSTEM ACQUISITION, EARNED VALUE MANAGEMENT

PURPOSE: The purpose of this PN is to revise the NFS to eliminate the requirement for contractors to establish and maintain an Earned Value Management System (EVMS) for firm-fixed-price (FFP) contracts. The change is made to reflect the reduction in risk associated with FFP contracts and is intended to relieve contractors of an unnecessary reporting burden.

ACQUISITIONS AFFECTED BY CHANGES: All new solicitations issued after the effective date of this PN. Because this change reduces requirements and will likely reduce costs, COs should consider amending existing solicitations and revising new awards to remove the requirement for EVM on fixed-price efforts, in accordance with FAR 1.108(d) and NFS 1801.270(b).

ACTION REQUIRED BY CONTRACTING OFFICERS: Contracting officers shall follow the policy at NFS 1834.201 and the prescription at 1834.203-70 to determine whether Earned Value Management shall be required on an acquisition.

PROVISION AND CLAUSE CHANGES: None

PARTS AFFECTED: Part 1834.

REPLACEMENT PAGES: You may use the enclosed pages to replace Part 1834 of the NFS.

TYPE OF RULE AND PUBLICATION DATE: The rule was published as a final rule in the Federal Register (Vol. 76, No. 131 FR 40280-40281) July 8, 2011.

HEADQUARTERS CONTACT: Carl Weber, Office of Procurement, Contract Management Division, (202) 358-1784, email: carl.c.weber@nasa.gov.

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Ronald A. Poussard
Director, Contract Management Division

Enclosures

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PART 1834
MAJOR SYSTEM ACQUISITION

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PART 1834
MAJOR SYSTEM ACQUISITION

Subpart 1834.0--General

1834.003 Responsibilities.

(a) NASA's implementation of OMB Circular No. A-109, Major Systems Acquisition, and FAR Part 34 is contained in this Part and in NASA Policy Directive (NPD) 7120.4, "Program/Project Management," and NASA Procedures and Guidelines (NPG) 7120.5, "NASA Program and Project Management Processes and Requirements".

Subpart 1834.2--Earned Value Management System

1834.201 Policy.

(a) NASA requires use of an Earned Value Management System (EVMS) on acquisitions for development or production work, including development or production work for flight and ground support systems and components, prototypes, and institutional investments (facilities, IT infrastructure, etc.) as specified below:

(i) For cost or fixed-price incentive contracts and subcontracts valued at \$50 Million or more the contractor shall have an EVMS that has been determined by the cognizant Federal agency to be in compliance with the guidelines in the American National Standards Institute/Electronic Industries Alliance Standard 748, Earned Value Management Systems (ANSI/EIA-748).

(ii) For cost or fixed-price incentive contracts and subcontracts valued at \$20 Million or more but less than \$50 Million, the contractor shall have an EVMS that complies with the guidelines in ANSI/EIA-748, as determined by the cognizant Contracting Officer.

(iii) For cost or fixed-price incentive contracts and subcontracts valued at less than \$20 Million the application of EVM is optional and is a risk-based decision at the discretion of the program/project manager.

(b) Requiring earned value management for firm-fixed-price (FFP) contracts and subcontracts of any dollar value is discouraged; however, a schedule management system and adequate reporting shall be required to plan and track schedule performance for development or production contracts valued at \$20 Million or more. In addition, for FFP contracts that are part of a program/project of \$50 Million or more, the contracting officer shall collaborate with the

government's program/project manager to ensure the appropriate data can be obtained or generated to fulfill program management needs and comply with NASA Procedural Requirements (NPR) 7120.5.

(c) An EVMS is not required on non-developmental contracts for engineering support services, steady state operations, basic and applied research, and routine services such as janitorial services or grounds maintenance services.

(d) Contracting officers shall request the assistance of the cognizant Defense Contract Management Agency (DCMA) office in determining the adequacy of proposed EVMS plans and procedures and system compliance.

(e) Notwithstanding the EVMS requirements above, if an offeror proposes to use a system that has not been determined to be in compliance with the American National Standards Institute/ Electronics Industries Alliance (ANSI/EIA) Standard-748, Earned Value Management Systems, the offeror shall submit a comprehensive plan for compliance with these EVMS standards, as specified in 1852.234-1, Notice of Earned Value Management System. Offerors shall not be eliminated from consideration for contract award because they do not have an EVMS that complies with these standards.

1834.202 Integrated baseline reviews.

(d) Use of pre-award IBRs is limited to the second or subsequent phases of a phased acquisition (see 1817.73). When a pre-award IBR is contemplated, the contracting officer shall include the instructions with respect to the schedule and conduct of the IBR in the proposal request.

1834.203 Solicitation provisions and contract clause.

The FAR EVMS solicitation provisions and contract clause are not used in NASA contracts. See 1834.203-70 for the NASA EVMS solicitation provision and contract clause.

1834.203-70 NASA solicitation provision and contract clause.

Except for firm-fixed price contracts and the contracts identified in 1834.201(a)(iii), the contracting officer shall insert –

(a) The provision at 1852.234-1, Notice of Earned Value Management System, in solicitations for contracts for --

(1) Development or production, including flight and ground support projects, and institutional projects (facility, IT investment, etc.), with a value exceeding \$20M; and

(2) Acquisitions of any value designated as major by the project manager in accordance with OMB Circular A-11; and

(b) The clause at 1852.234-2, Earned Value Management System, in solicitations and contracts with a value exceeding \$50M that include the provision at 1852.234-1. The contracting officer shall use the clause with its Alternate I when the contract value is less than \$50M.